

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Peoples Energy Services Corporation)	
)	02- _____
Application for certificate of service authority)	
as an Alternative Gas Supplier under section)	
19-110 of the Public Utilities Act.)	

APPLICATION FOR CERTIFICATION

Peoples Energy Services Corporation (“PE Services” or “Applicant”), by its attorneys, Gerard T. Fox and Timothy P Walsh, hereby applies, pursuant to Section 19-110 of the Public Utilities Act (the “Act”) and 83 Ill. Admin. Code Part 551 EMERGENCY, for certification as an Alternative Gas Supplier (“AGS”). PE Services seeks authority to sell natural gas to all eligible residential customers. In support of this application, PE Services states the following:

1. PE Services is a corporation organized and existing under the laws of the State of Illinois and is principally in the business of providing energy services to retail customers. PE Services does not do business under any other name. This currently includes sales of electricity, natural gas and energy management services to Illinois residential, commercial and industrial end users. The Commission certified PE Services as an “alternative retail electric supplier” (“ARES”), as that term is defined in §16-102 of the Public Utilities Act, in Docket 99-0432 on September 14, 1999. With this Application, PE Services is seeking to become an “alternative gas supplier”, as that term is defined in Section 19-105 of the Public Utilities Act (the “Act”), in the State of Illinois.

2. PE Services’:

- contact persons for various matters are set forth in Attachment A.
- Designated Agent with the Illinois Commerce Commission: Ann

DeBortoli, Executive Director, 205 N. Michigan Ave., Suite 4216,
Chicago, IL 60601-9729.

- Registered Agent in Illinois: Peter Kauffman, Secretary, Peoples Energy Services Corporation, 130 East Randolph Drive, 23rd Floor, Chicago, Illinois 60601.

3. In compliance with 83 Ill. Admin. Code Section 551.20(a)

EMERGENCY, PE Services certifies that it will comply with all applicable Federal, State, regional and industry rules, policies, practices, procedures and tariffs for the use, operation, maintenance, safety, integrity, and reliability of the interstate gas system and agrees to submit good faith schedules of natural gas deliveries in accordance with applicable tariffs.

4. In compliance with 83 Ill. Admin. Code Section 551.20(b)

EMERGENCY, PE Services certifies that it will provide service to residential customers that are eligible to take services from an AGS.

5. In compliance with 83 Ill. Admin. Code Section 551.20(c)

EMERGENCY, PE Services certifies that it will comply with all informational and reporting requirements that the Commission has established and which the Commission may by rule establish.

6. In compliance with 83 Ill. Admin. Code 551.20(d) EMERGENCY, PE

Services certifies that it is in compliance with all other applicable laws, regulations, and Commission rules and orders.

7. In compliance with 83 Ill. Admin. Code Section 551.30(a)

EMERGENCY, PE Services will publish notice of its application for certification in the Official State Newspaper within 10 days following the filing of this application for certification. PE Services will file proof of publication with the Clerk of the Commission when notice of publication has been accomplished.

8. In compliance with 83 Ill. Admin. Code Section 551.30(b)

EMERGENCY, PE Services' application for certification has been verified in the manner contemplated by Section 200.130 of the Commission's "Rules of Practice" (83 Ill. Admin. Code Section 200.130).

9. In compliance with 83 Ill. Admin. Code Section 551.30(c)

EMERGENCY, PE Services hereby identifies the service territories of all Illinois gas utilities as those in which it seeks to be authorized to offer the sale of natural gas.

- 1) The following is a description of PE Services' business: PE Services is a corporation organized and existing under the laws of the State of Illinois and is presently engaged in the business of providing energy services to retail customers, including the sale of electricity and power, natural gas, energy management services, and energy efficiency services to Illinois residential, commercial, industrial, and governmental end users.
- 2) The following is a description of the customer class(es) PE Services proposes to serve: PE Services does not currently, or currently plan to, actively solicit residential customers. Rather, PE Services currently serves, and currently plans to serve, only residential customers it obtains incidental to its marketing of natural gas service to commercial and industrial customers.
- 3) Proof of Notification of Applicant's Intent to Serve, that PE Services forwarded to the agent designated by the gas utility pursuant to 83 Ill.Admin.Code 215.10 in each of the natural gas utility's service territory, is set forth in Attachment B.

10. In compliance with 83 Ill. Admin. Code Section 551.30(d)(1)

EMERGENCY, PE Services has filed its direct testimony and supporting documents and exhibits containing information showing that PE Services meets the requirements of Section 19-110 of the Act [220 ILCS 5/19-110].

11. In compliance with 83 Ill. Admin. Code Section 551.30(d)(2)

EMERGENCY, PE Services certifies that it is in compliance with all terms and conditions required by section 19-115 of the Act to the extent that Section has application to the service

being offered by PE Services.

12. In compliance with 83 Ill. Admin. Code Section 551.40(a)

EMERGENCY, PE Services agrees to adopt and follow rules and procedures ensuring that authorizations received from residential customers, residential customer billing records, and requests for service transmitted to utilities are retained for a period of not less than two calendar years after the calendar year in which they were created. In addition to other lawful means of discovery, PE Services agrees that these records shall be made available by request to the Commission or its Staff on a confidential and proprietary basis, as necessary to carry out the Commission's obligations under the Act.

13. In compliance with 83 Ill. Admin. Code Section 551.40(b)

EMERGENCY, PE Services agrees to adopt and follow rules and procedures to preserve the confidentiality of its residential customers' data. Those rules and procedures are set forth in Attachment C to this Application.

14. In compliance with 83 Ill. Admin. Code Section 551.50(a)

EMERGENCY, PE Services hereby states that it has executed and will maintain a bond issued by a surety company authorized to transact business in the State of Illinois in favor of the People of the State of Illinois in the amount of \$300,000.¹ The bond is conditioned upon the full and faithful performance of all duties and obligations of PE Services as an AGS. The cost of the bond has been paid by PE Services. A copy of this bond is attached as Attachment D to this Application.

15. In compliance with 83 Ill. Admin. Code Section 551.70(a)

EMERGENCY, PE Services states that it does not seek to serve customers within a geographic

¹ For AGS certification, PE Services is only required to maintain a \$150,000 bond under Section 551.50. However, it is bonded for \$300,000 because it must maintain that level of bonding under Part 451 to remain an ARES in good standing.

area that is smaller than a gas utility's service area. PE Services states that it is not imposing any limitations on the number of customers or maximum load to be served. PE Services hereby certifies that it will not deny service to a customer or group of customers nor establish any differences as to prices, terms, conditions, services, products, facilities, or in any other respect, whereby such denial or differences are based upon race, gender or income nor deny service to a customer or group of customers based on locality nor establish any unreasonable difference as to prices, terms, conditions, services, products, or facilities as between localities.

16. In compliance with 83 Ill. Admin. Code Section 551.70(b)

EMERGENCY, PE Services hereby certifies that it will comply with the following requirements with respect to the marketing, offering and provision of products or services to residential customers:

1. Any marketing materials that make statements concerning prices, terms and conditions of service shall contain information that adequately discloses the prices, terms and conditions of the products or services that PE Services is offering or selling to the customer.
2. Before any customer is switched from another supplier, PE Services shall give the customer written information that adequately discloses, in plain language, the prices, terms and conditions of the products and services being offered and sold to the customer.
3. PE Services shall provide to the customer itemized billing statements that describe the products and services provided to the customer and their prices; and an additional statement, at least annually, that adequately discloses the average monthly prices, and the terms and conditions, of the products and services sold to the customer.

17. In compliance with 83 Ill. Admin. Code Section 551.80(c)(1)

EMERGENCY, PE Services states that it possesses sufficient financial resources to be certified as an AGS able to serve eligible residential customers by meeting the following criteria:

PE Services has a Borrowing Agreement with Peoples Energy Corporation (“PEC”) the parent of PE Services. PEC maintains at least one of the following commercial paper ratings: A-2 or higher from Standard & Poor’s or its successor, P-2 or higher from Moody’s Investors Service or its successor, or F-2 or higher from Fitch Ratings or its successor; or at least one of the following long-term bond ratings: BBB- or higher from Standard & Poor’s or its successor, Baa3 or higher from Moody’s Investors Service or its successor, or BBB- or higher from Fitch Ratings or its successor.

18. In compliance with 83 Ill.Admin.Code Section 551.80(c)(2)

EMERGENCY, PE Services states that the amount of credit under the borrowing agreement is \$20,000,000 which exceeds the requirement that it be no less than the greater of \$500,000 or 5% of the amount of PE Services’ revenue for its most recently completed fiscal year ended September 30, 2001. PE Services’ revenues appear at page 65 of PEC’s certified financial statements and as required under 83 Ill.Admin.Code Section 551.80(c)(2)(B) EMERGENCY, are based on the Retail Energy Services segment information section. (See, paragraph 22 below)

19. In compliance with 83 Ill.Admin.Code Section 551.80(c)(3)

EMERGENCY, by its terms, the Borrowing Agreement is valid for a period of not less than one year. (See, paragraph 21 below)

20. In compliance with 83 Ill.Admin.Code 551.80(c)(4)(A) EMERGENCY,

Attachment E is PEC’S ratings reports.

21. In compliance with 83 Ill.Admin.Code Section 555.80(c)(4)(B)

EMERGENCY, Attachment F is PE Services’ Borrowing Agreement. PE Services’ Attachment F has been labeled confidential for the reasons explained in Attachment J.

22. In compliance with 83 Ill.Admin.Code Section 551.80(c)(4)(C)

EMERGENCY, Attachment G is PEC’s certified financial statements.

23. In compliance with 83 Ill.Admin.Code Section 551.80(c)(4)(D)

EMERGENCY, Attachment G also contains the accountant’s report for PEC’s certified financial

statements at page 40.

24. In compliance with 83 Ill. Admin. Code Section 551.90(a)

EMERGENCY, PE Services states that it will not be using natural gas transmission or distribution facilities that it owns, controls, or operates in serving customers.

25. In compliance with 83 Ill. Admin. Code Section 551.90(b)

EMERGENCY, PE Services possesses the technical capabilities to serve retail customers required by that Section.

26. In compliance with 83 Ill. Admin. Code Section 551.90(c)

EMERGENCY, Attachment H contains occupational background information on the persons who are being used to meet the technical qualification requirements of Section 551.90
EMERGENCY.

27. In compliance with 83 Ill. Admin. Code Section 551.100 EMERGENCY,

PE Services states that it meets the managerial requirements of that Section.

28. In compliance with 83 Ill. Admin. Code Section 551.100(a)

EMERGENCY, Attachment H also contains occupational background information on the persons who are being used to meet the managerial requirements of Section 551.100
EMERGENCY.

29. In compliance with 83 Ill. Admin. Code Section 551.100(b)

EMERGENCY, Attachment I contains a corporate organizational chart for PE Services and indicates the position of persons included in Attachment H.

30. In compliance with 83 Ill. Admin. Code Section 551.60 EMERGENCY,

PE Services has designated certain of the information contained in this Application for Certification and attachments as privileged and confidential. Such information has been marked as “confidential” and submitted separately under seal to the Clerk of the Illinois Commerce

Commission. Attachment J explains why such information is entitled to such protection.

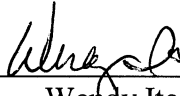
31. Because all of the facts necessary to approve PE Services' Certificate of Service Authority as an AGS are contained in this verified Application for Certification and accompanying testimony, the Commission can properly issue an order on this Application without a hearing. Pursuant to §10-45 of the Illinois Administrative Procedures Act and §200.820 (a)(2) of the Commission's Rules of Practice a recommended or proposed order from the hearing examiner is not required because, based on the subject matter of this Application, the decision in this matter will not be adverse to any party that may intervene in this docket. 5 ILCS 100/10-45; 83 Ill. Admin. Code §200.820 (a)(2). A Proposed Form of Order modeled after the Commission's Final Order in Dominion Retail, Inc. d/b/a Peoples Energy Services proceeding; Docket No. 02-0362, is submitted with this Application.

32. In compliance with §200.100(a) of the Commissions Rules of Practice, PE Services states it agrees to accept service by electronic means as provided in §200.1050.

WHEREFORE, Peoples Energy Services Corporation respectfully requests that the Commission grant this Application for Certification as an Alternative Gas Supplier, authorized to sell natural gas to all eligible Illinois residential customers.

Respectfully submitted,

PEOPLES ENERGY SERVICES CORPORATION

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

VERIFICATION

Wendy Ito, being first duly sworn, deposes and says that she is Director of Business Planning and Development for Peoples Energy Services Corporation; that she has read the foregoing Application for Certification and knows the contents thereof; and that the statements therein contained are true to the best of her knowledge, information and belief.

By: *Wendy Ito*
 Wendy Ito
 Peoples Energy Services Corporation

SUBSCRIBED and SWORN to
before me this 5th day of August 2002.

 Suzanna Nowaczyk
Notary Public

